

CORRES. CONTROL
OUTGOING LTR NO.

92 RF 5624

DIST.	LT	ENC
BENJAMIN, A.		
BERMAN, H.S.		
BRANCH, D.B.		
BURLINGAME, A.H.		
CARNIVAL, G.J.		
COPP, R.D.		
CROUCHER, D.W.		
DAVIS, J.G.		
EVERED, J.E.	X	
FERRERA, D.W.		
GOODWIN, R.		
HANNI, B.J.		
HARMAN, I. K.		
HEALY, T.J.		
HILBIG, J.G.		
IDEKER, E.H.		
KERSH, J.M.	X	
KIRBY, W.A.		
KUESTER, A.W.		
KRIEG, D.		
LEE, E.M.	X	
MAJESTIC, J.R.		
MARX, G.E.		
McDONALD, M.M.		
MORGAN, R.V.	X	
POTTER, G.L.	X	
PIZZUTO, V.M.		
SANDLIN, N.R.		
SHEPLER, B.I.		
SULLIVAN, M.T.		
SWANSON, E.R.		
TALLMAN, K.G.		
WIEBE, J.S.		
WILKINSON, R.B.	X	
WILSON, J. M.		
YOUNG, E.R.		
ZANE, J. O.		
Althoff, FH	X	
Kennedy, CE	X	
Jemison, EA	X	
Johnston, LD	X	
Smith, TA		
Hunt, WA	X	
Hobbs, FD	X	
Pike, B	X	
Brousegaard		
White, PJ	X	
Anderson, GM	X	
E&W Trackg	X	
CORRES CONTROL	X	X
TRAFFIC		

CLASSIFICATION:

UCNI	
UNCLASSIFIED	X
CONFIDENTIAL	
SECRET	

AUTHORIZED CLASSIFIER
SIGNATURE

May 20, 1992
DATE

IN REPLY TO LTR NO.

2161-RF-92

PC#

LTR APPROVALS:

DH JEF
ORIG & TYPIST INITIALS

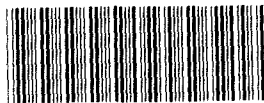
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FILE

May 21, 1992



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Terry A. Vaeth

Manager

DOE, RFO

Attn: J. K. Hartman

RESPONSE TO DOE/RFO LETTER REGARDING VALIDATION TEAM COMMENTS ON RFP
ENVIRONMENTAL RESTORATION PROGRAM BASELINE - JMK-0489-92

Ref: J. K. Hartman ltr (4024) to J. M. Kersh, Upgrade of ER Baseline Information, April 16, 1992

The reference addresses a number of comments and issues raised by recent reviews and audits of the RFP Environmental Restoration (ER) Program. Specifically, it references the ER Program Baseline Validation conducted on February 3-6, 1992 by PR-242 and EM-453. The issues raised in the reference are addressed in the attachment.

If you have questions regarding the above, please contact W. A. Hunt of the Remediation Programs Division at extension 8564.

J. M. Kersh, Associate General Manager
Environmental and Waste Management

WAH:dmf

Orig. and 1 cc - T. A. Vaeth

Attachment:
As Stated

CC:

F. R. Lockhart - DOE, RFO

H. D. Rose - " "

DOCUMENT CLASSIFICATION
REVIEW WANTED PER
CLASSIFICATION OFFICE

RESPONSE TO DOE/RFO COMMENTS ON BASELINE VALIDATION

- 1) Estimates of Soil Quantities to be Treated or Removed: The quantities of soil to be treated or removed during remedial actions of the operable units (OUs) were estimated for the first time during preparation of the ER Program Baseline document in December 1991. The soil volume estimates were made based on the current IHSS maps available at that time for IHSS areas and preliminary estimates of contaminant depth by OU managers. The areas were estimated using the IHSS map scale to determine the approximate dimensions of each IHSS.

Since December, the IHSS areas have been recalculated using the Geographic Information System (GIS) which can very accurately calculate areas. However, it is pointed out that until after completion of the remedial investigation (RI) reports for each OU, the boundaries of each IHSS are preliminary. We anticipate many changes in IHSS configuration (and thereby in IHSS areas and soil volumes) as RI data is collected and analyzed.

In reestimating IHSS areas using the GIS, overlap of IHSSs was eliminated. Overlap areas that are in two or more IHSSs were assigned to the IHSS with the greatest depth of contamination (assuming the type of contamination in each IHSS was similar) or to the IHSS requiring the highest level of remediation (based on our assumptions used to prepare the Baseline). The estimate for the total volume of contaminated soil was not impacted significantly by eliminating the IHSS overlap.

- 2) Basis for Unit Costs: Cost estimates for some areas of the ER Program are more amenable to using unit prices and quantities than others. In the assessment phase, RFI/RI field work where holes and wells are drilled, samples taken and analyzed, etc. use of unit costs and quantities works quite well. For the rest of the activities in the assessment phase such as work plan/report preparation, feasibility/treatability studies and risk assessments, the unit cost method does not work well because repetitious activities do not occur. Our unit cost resource tables for RI field work are continually being updated as actual cost data becomes available. Assembly of these data in usable formats along with other data required for estimates (markups, productivity factors, etc.) has been initiated as part of the IAG amendment effort.

As cost estimating support becomes available, our assumptions, unit cost data, quantities, etc. for estimating costs for the remedial action phase will be updated. We see this as a continuous process that will be ongoing as better data becomes available, assumptions for cleanup technologies are refined and cleanup levels are determined. The estimates for these activities, which are in the forecast baseline, will be based on documented assumptions, but are expected to fluctuate until we are actually in the cleanup phase.

- 3) Consistency of Plans: Control of ER Program plans to ensure consistency among the major plans (Baseline, Five-Year Plan and Work Packages) is essential for effective project management. Consistency means that the plans are based on the same quantitative data and assumptions or that differences in the plans (because they are prepared at different points in time) are based on approved documented changes. We are insisting that this consistency occur, and that changes are made through proper mechanisms such as the change control board.

Because the Baseline has not been validated, the MSA change control process is not yet in effect, and there is no formal control at the MSA level for Baseline control. Also, EG&G receives requests for a variety of funding/budget scenarios; therefore, the drivers and impacts of changes must be carefully documented. To date, the (unvalidated) Baseline and the FY94-FY98 Five-Year plan are consistent with a few minor exceptions that have been directed by DOE. We intend to make the initial draft of our FY93 internal work packages consistent with the Five-Year Plan. If changes for FY93 result from the IAG amendment activities, it will be too late to modify the Five-Year Plan, but the

work packages could change. The changes will be incorporated into next year's Five-Year Plan and to the Baseline when it is next revised.

- 4) Procedures to Update Cost Estimates: EG&G anticipates that when additional cost estimating resources are assigned to the ER Program that cost estimates for program elements will be updated continually as new and better data becomes available. Sources of data are actual RFP cost data for identical or similar work, data from the DOE Cost and Schedule Estimating (CASE) group and the Interagency Cost Estimating Group

(ICEG), and from direct interactions with other DOE facilities. The planning documents that assemble and report total ADS and Program cost estimates and funding requests will be updated periodically as follows:

- o Five-Year Plan - ADSs and the Five-Year Plan are prepared annually and are not revised during the fiscal year.
- o Baseline - The Program Baseline will be updated periodically as directed by DOE. It is expected that it will be updated annually or when significant changes occur. Once the Baseline is validated, revisions to it must go through the formal DOE MSA change control process for approval. Once the MSA approval for the change is approved, the change will have to go through the RFP MCS change control process if the current fiscal year is impacted.
- o Work Package - Work packages are prepared annually for one fiscal year at a time. The initial issue of a work package will be consistent with the Five Year Plan and current version of the Baseline. Revisions to work packages as execution of the work proceeds during the fiscal year that are not large enough to trigger the threshold of the MSA change control system will be handled by the RFP MCS change control system.

- 5) Documentation of Cost Estimating Procedure: EG&G has started the task of documenting the procedures used to develop cost estimates for the ER Program. Coincident with the CQMA audit after recommendations from other DOE review teams, an estimator from the RFP Facilities Project Management (FPM) Group was assigned full time to the ER Program. A course of action to address all the activities by the Cost Estimating Group to support the Program was laid out. One of the first tasks is to document the cost estimating procedures to be used for the ER Program. We anticipate the procedure will be an addendum or section of the RFP Cost Estimating Handbook which has long been used by RFP for construction and facilities projects and has been approved by DOE. We also plan to modify the FPM automated cost estimating software to incorporate environmental projects.

- 6) Training: We do not plan to train our project managers to be cost estimators. We will have our cost estimates prepared by professional cost estimators who have received training in environmental projects and who are experienced in satisfying the requirements of DOE Order 4700, DOE Order 5700, the DOE Cost Quality Management Assessment Handbook prepared by EM-24 and other DOE cost estimating requirements.

Project managers will be trained to understand the cost estimating process in general. They must also thoroughly understand and be able to defend the cost estimates for their own projects. In presentations at reviews and audits project managers will be supported by cost estimators for detailed questions on the cost estimating process.

- 7) Revised Baseline: Since the Baseline was prepared in December 1991 and January 1992, the initiative to amend the IAG has been started. Part of this initiative will be to revise the current OU schedules and their associated estimated costs. It would be premature to revise the Baseline

now before the amendment effort has been completed and we have agency-approved revised schedules.

- 8) Independent Cost Review: It is EG&G's understanding that the independent cost reviews recommended by the Baseline Validation Team as well as the CQMA and other review teams are to be reviews of EG&G's cost estimates by DOE/RFO or a DOE/RFO contractor. EG&G is not currently planning to have independent cost reviews of ER Program cost estimates.
- 9) Issue Paper on Major Assumptions for Remediation Costs: The reference requests an issue paper on the major assumptions used to estimate the remediation cleanup costs used in the Baseline. These include assumptions regarding volumes of soil to be treated or removed; criteria for preliminary selection of cleanup technologies; assumptions regarding unit costs, capacities and equipment/facility lifetimes for technologies selected; etc. An issue paper on this subject is being prepared and will be completed in time for inclusion in the next (third quarter of FY92) Quarterly Report. This issue paper will provide a vehicle for presenting these critical assumptions which are directly related to the cost estimates in the forecast Baseline and which require DOE concurrence.